

***Special Districts with Authority to Impose Gross Receipts Tax***

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Revenue Stabilization and Tax Policy Committee**

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## **Summary of Presentation**

### **Gross Receipts Tax Authority and Revenues of Special Districts:**

- **Regional Spaceport Districts**
- **Water and Sanitation Districts**
- **Regional Transit Districts**
- **Tax Increment Development Districts**
- **Indian Nation, Tribe or Pueblo – Cooperative Agreements**

## **Special Districts with Authority to Impose Gross Receipts Tax**

**There are a number of special district for which a local government can impose a GRT local option.**

### **Regional Spaceport Districts**

- **The Regional Spaceport District was formed in July 2008**
- **Municipalities and counties who are part of a combination that form a regional spaceport district are authorized to impose a GRT local option tax up to .50% to be used for spaceport related project and the financing, planning, designing, engineering and construction of a spaceport**
- **Dona Ana County imposed a .25% GRT local option in April 2007 to become effective January 1, 2009**
  - **In FY 2008 a .25% GRT local option would have generated \$8,011,594 in Dona Ana County**
- **Sierra County imposed a .25% GRT local option in April 2008 to become effective January 1, 2009**
  - **In FY 2008 a .25% GRT local option would have generated \$379,118 in Sierra County**
- **Otero County is scheduled to vote on imposing a GRT local option in November 2008**
  - **In FY 2008 a .25% GRT local option would have generated \$2,045,319 in Otero County**

## **Water and Sanitation Districts**

- **Counties are authorized to impose a GRT local option tax of .25% to be used for the operation of the water and sanitation district for which the tax is imposed**
- **Counties are required to disburse the proceeds from this GRT local option to the appropriate water and sanitation districts in amounts set out in the resolution submitted by each district's board of directors to the county**
- **Both Taos and San Juan Counties have imposed the GRT local option at a rate of .25% for the following counties:**
  - **El Prado Water and Sanitation District (Taos County) - Effective January 1, 2008**
  - **El Valle de Los Ranchos Water and Sanitation District (Taos County) - Effective January 1, 2008**
  - **Valley Water and Sanitation District (San Juan County) - Effective January 1, 2008**

### **Gross Receipts Tax Distributions to Taos and San Juan Counties**

|   | <b>FY 2008</b> |
|---|----------------|
| Valley Water and Sanitation District (San Juan County)              | \$ 4,966       |
| El Prado Water and Sanitation District (Taos County)                | \$ 7,576       |
| El Valle de Los Ranchos Water and Sanitation District (Taos County) | \$ 4,079       |

Note: Distributions to all three districts began in the second half of FY 2008

## **Regional Transit Districts**

- **Counties who are part of a combination that form a regional transit district are authorized to impose a GRT local option tax up to .50% to be used for purposes authorized in the Regional Transit District Act**
- **Established Regional Transit Districts**
  - **North Central Regional Transit District - Formed in 2004**
    - **Government entity members include: Santa Fe County, Rio Arriba County, Los Alamos County and Taos County**
    - **The question of imposing the county regional transit gross receipts tax appears to have been approved by the voters on November 4, 2008, and will become effective July 1, 2009**
  - **Mid-Region Transit District - Formed in 2005**
    - **Government entity members include: Sandoval County, Bernalillo County and Valencia County**
    - **The question of imposing the county regional transit gross receipts tax appears to have been approved by the voters on November 4, 2008, and will become effective July 1, 2009**
  - **South Central Regional Transit District - Formed in 2006**
    - **Government entity members include: Dona Ana County, Sierra County and Otero County**
    - **Currently there is no imposition of the regional transit GRT local option for this district**

## **Tax Increment Development Districts (TIDDs)**

- **Mesa del Sol TIDD**
  - **The Mesa del Sol development began receiving gross receipts tax increment distributions for gross receipts tax liabilities reported on or after January 1, 2008**
  - **The GRT distributions to Mesa del Sol are determined by the percentage dedications by the State (75%) and Albuquerque (67%), and the local options covered by Albuquerque's dedication**

| <b>Gross Receipts Tax</b>       | <b>Total Rate</b> | <b>Dedicated to TIDD</b> | <b>Rate to TIDD</b> | <b>Rate to Imposing Govt.</b> |
|---------------------------------|-------------------|--------------------------|---------------------|-------------------------------|
| <b>Municipal Dedicated</b>      | <b>.812500%</b>   | <b>67%</b>               | <b>.544375%</b>     | <b>.268125%</b>               |
| <b>Municipal Not Dedicated*</b> | <b>.250000%</b>   | <b>-</b>                 | <b>-</b>            | <b>.250000%</b>               |
| <b>County</b>                   | <b>.687500%</b>   | <b>-</b>                 | <b>-</b>            | <b>.687500%</b>               |
| <b>State (Municipal Share)</b>  | <b>1.225000%</b>  | <b>67%</b>               | <b>.820750%</b>     | <b>.404250%</b>               |
| <b>State (State Share)</b>      | <b>3.775000%</b>  | <b>75%</b>               | <b>2.831250%</b>    | <b>.943750%</b>               |
| <b>Total</b>                    | <b>6.750000%</b>  |                          | <b>4.196375%</b>    | <b>2.553625%</b>              |

**\* Albuquerque did not dedicate its local option .25% for transportation to Mesa del Sol**

- **The total distribution percentage to Mesa del Sol is:**  
$$4.196375\% / 6.750000\% = \underline{62.2\%}$$
- **The fraction of the distributions from the State share of the State gross receipts tax is:**  
$$2.831250\% / 4.196375\% = \underline{67.5\%}$$

- These percentages will not change unless the municipal or State gross receipts tax rates are changed or the dedication percentages are changed
- The amount of distributions to Mesa del Sol by month through October are shown in the following table

| Month in 2008 of:    |                       |                               | Distribution<br>Amount to Mesa<br>del Sol |
|----------------------|-----------------------|-------------------------------|---|
| Business<br>Activity | Taxpayer<br>Reporting | Distribution<br>To Recipients |   |
| January              | February              | March                         | \$ 15,435.71                              |
| February             | March                 | April                         | \$ 9,922.33                               |
| March                | April                 | May                           | \$ 39,512.02                              |
| April                | May                   | June                          | \$ 198,562.08                             |
| May                  | June                  | July                          | \$ 214,505.94                             |
| June                 | July                  | August                        | \$ 464,629.67                             |
| July                 | August                | September                     | \$ 320,050.14                             |
| August               | September             | October                       | \$ 386,167.61                             |
| Total                |                       |                               | \$1,648,785.50                            |

Of the total distribution through October of \$1,648,785.50, the State share was \$1,112,418.21 and the Albuquerque share was \$536,367.29

- Upper Petroglyphs (SunCal) TIDD
  - On January 29, 2008, the Department received notice from the Board of Finance approving a state gross receipts tax increment dedication for this TIDD
  - On February 27, 2008, the Department received notice from Bernalillo County advising of the formation of the TIDD and the amount of county gross receipts tax increment dedicated to the TIDD
  - After receipt of these notices, the Department proceeded to implement the gross receipts tax increments to the TIDD effective July 1, 2008
  - In June 2008, the Department was notified by TIDD representatives that a district board was not formed by the TIDD, so a bond fund to receive TIDD GRT distributions could not be established

- **The Department can only distribute gross receipts tax increment to such a bond fund**
- **No distribution to the TIDD will occur until the district board is formed and a bond fund established**
- **City of Las Cruces TIDD**
  - **On June 9, 2008, the Department received notice from the City of Las Cruces concerning the formation of this TIDD and the city gross receipts tax increment dedication**
  - **The municipal GRT dedication to the TIDD will begin January 1, 2009**
  - **On July 31, 2008, the Department received notice from Dona Ana County the county gross receipts tax increment dedication**
  - **The county GRT dedication to the TIDD will begin January 1, 2009**
  - **The Department has yet to receive a notice from the Board of Finance on the state gross receipts tax increment dedication**
  - **Unlike the Mesa del Sol and Upper Petroglyphs TIDDs, the City of Las Cruces TIDD covers an existing set of businesses and has a non-zero “base gross receipts taxes” (see “Technical Issues”)**
- **Verde TIDD (south of Las Cruces)**
  - **This TIDD is under discussion but the Department has not received any notice on formation or gross receipts tax increment dedication(s)**
- **Winrock and ABQ Uptown TIDD(s)**
  - **This TIDD (or TIDDs) is under discussion but the Department has not received any notice on formation or gross receipts tax increment dedication(s)**
- **Farmington TIDD**



- **This TIDD is under discussion but the Department has not received any notice on formation or gross receipts tax increment dedication(s)**

## **Indian Nation, Tribe or Pueblo - Cooperative Agreements**

- **Under Section 9-11-12.1 NMSA 1978, the Taxation and Revenue Department is authorized to enter into cooperative agreements with Pueblos of Acoma, Cochiti, Isleta, Jemez, Laguna, Nambe, Ohkay Owingeh, Picuris, Pojoaque, Sandia, San Felipe, San Ildefonso, Santa Ana, Santa Clara, Santo Domingo, Taos, Tesuque, Zia or Zuni or the nineteen New Mexico pueblos acting collectively, the Jicarilla Apache Nation and the Mescalero Apache Tribe to collect any gross receipts tax imposed by the Pueblos**
- **If a pueblo, tribe or nation grants a 25% credit against its tax and meets other specified conditions, the state will grant a 75% credit against state and local gross receipts tax due from taxpayers subject to both taxes (Section 7-9-88.1 NMSA 1978). The result is that taxpayers pay the same tax they would under state and local taxes alone, thus resolving any dual taxation issues. Tribal taxes only apply to businesses operating on land owned by a tribe or held by the United States in trust for the tribe.**
- **The Department has entered into eleven cooperative agreements**
  - **Santa Clara Pueblo - Effective January 1998**
  - **Santa Ana Pueblo - Effective January 2001**
  - **Nambe Pueblo - Effective July 2002**
  - **Sandia Pueblo - Effective August 2002**
  - **Laguna Pueblo - Effective August 2002**
  - **Jicarilla Apache Nation - Effective January 2005**
  - **Pojoaque Pueblo - Effective January 2006**
  - **Pueblo de Cochiti - Effective July 2006**
  - **Santo Domingo - Effective January 2008**
  - **Taos Pueblo - Effective January 2009**

- **Ohkay Owingeh Pueblo - Effective January 2009**

**All of these agreements specify that reciprocal tax credit will be provided by the tribes, pueblos and nations who have entered into these agreements.**

### **Gross Receipts Tax Disbursements under Cooperative agreements**

|                                | <b>FY 2008</b>                  |
|--------------------------------|---------------------------------|
| <b>Jicarilla Apache Nation</b> | <b>\$ 2,192,563</b>             |
| <b>Pojoaque Pueblo</b>         | <b>\$ 701,582</b>               |
| <b>Sandia Pueblo</b>           | <b>\$ 359,980</b>               |
| <b>Pueblo de Cochiti</b>       | <b>\$ 305,491</b>               |
| <b>Santa Clara Pueblo</b>      | <b>\$ 266,756</b>               |
| <b>Laguna Pueblo</b>           | <b>\$ 229,136</b>               |
| <b>Santa Ana Pueblo</b>        | <b>\$ 176,020</b>               |
| <b>Nambe Pueblo</b>            | <b>\$ 157,127</b>               |
| <b>Santo Domingo Pueblo</b>    | <b>\$ 37,117 <sup>(1)</sup></b> |

(1) Santo Dominog Pueblo first began receiving distributions in the second half of FY 2008